

268.370 Board may issue bonds -- Terms -- Use of proceeds -- Duties of treasurer -- Bond -- Duties of county clerk -- Warrants for payment.

- (1) The board of drainage commissioners may, if in their judgment it seems best, issue bonds on behalf of any district under their control, not to exceed ninety percent (90%) of the total amount of the minimum district assessments levied upon the property of the district approved by the county judge/executive. The bonds shall be in denominations of not less than one hundred dollars (\$100), bearing interest payable at least annually from the date of issue, to mature at annual or more frequent intervals within thirty (30) years, commencing after a period of years not later than five (5) years, to be determined by the board. Both principal and interest shall be payable at some convenient bank or trust company's office, to be named in the bonds. The bonds shall be signed by the president of the board, attested with the seal of the board, and the signature of the secretary and countersigned by the county clerk of the county in which the district is organized. All bonds shall be executed and delivered to the treasurer of the district, who shall sell them in quantities and at dates as the board considers necessary. The funds derived from the sale of bonds shall be used only to pay the cost of improvements and the expenses, fees, and salaries authorized by law. The secretary of the board shall certify to the county clerk in which the district was organized a copy of the resolution authorizing and directing the issuance of the bonds, which shall contain a list of the bonds, their dates of maturity, and amounts. The clerk shall record this resolution in the lis pendens record in his office. The bonds shall show on their face the purpose for which they are issued.
- (2) The bonds shall be payable out of money derived from the assessments upon property, and a sufficient amount of the drainage assessment shall be appropriated by the board to pay the principal and interest. This sum shall be preserved in a separate fund for that purpose. All bonds and coupons not paid at maturity shall bear interest from maturity until paid, or until sufficient funds for their payment have been deposited at the place of payment, and this interest shall be appropriated by the board out of the penalties and interest collected on assessments or any other available funds of the district. The board, in making the annual levy of assessments, shall take into account the maturing bonds and interest on all bonds and make ample provisions in advance for their payment. If the proceeds of the original levy of assessments are not sufficient to pay the principal and interest of all bonds issued, the board shall make any additional levy upon benefits assessed necessary for this purpose. However, no levy of assessments shall be made in excess of the benefits to the property as shown by the report of the appraisers, as corrected, that will in any manner impair the security of bonds or the fund available for the payment of the principal or interest.
- (3) When he receives the bonds the treasurer shall execute and deliver to the president of the board a bond with good and sufficient sureties, to be approved by the board, conditioned that he shall account for and pay over as required by law and as ordered to do by the board all money received by him on the sale of any bonds, and that he will only sell and deliver the bonds to the purchaser of the bonds according to the

terms of this section, and that he will return, duly canceled, any bonds not sold to the board when ordered by it to do so. This bond shall remain in the custody of the president of the board, who shall produce it for inspection or as evidence whenever legally required to do so. The bond of the treasurer may, if the board directs, be signed by a surety or bonding company, which may be approved by the board. The successor in office of any treasurer shall comply with all provisions applicable to his predecessor before receiving bonds or their proceeds. The treasurer shall promptly report all sales of bonds to the board.

- (4) The board shall, at reasonable times, prepare and issue warrants for the payment of the maturing bonds sold and the interest payments coming due on all bonds sold. Each warrant shall specify what bonds and accruing interest it is to pay, and the treasurer shall place sufficient funds at the place of payment to pay the maturing bonds and coupons when due, as well as a reasonable compensation to the bank or trust company for paying them, not to exceed two dollars and fifty cents (\$2.50) for each one thousand dollars (\$1,000) par value of bonds or coupons paid.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 274, sec. 60, effective July 15, 1996. -- Amended 1978 Ky. Acts ch. 384, secs. 416 and 578, effective June 17, 1978. -- Amended 1976 (1st Extra. Sess.) Ky. Acts ch. 14, sec. 245, effective January 2, 1978. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 2380b-42.